

Under the provisions of Section 413.031 of the Texas Workers' Compensation Act, Title 5, Subtitle A of the Texas Labor Code, effective June 17, 2001 and Commission Rule 133.305, titled Medical Dispute Resolution-General, and 133.307, titled Medical Dispute Resolution of a Medical Fee Dispute, a review was conducted by the Division regarding a medical fee dispute between the requestor and the respondent named above. This dispute was received on 3/26/04.

I. DISPUTE

Whether there should be additional reimbursement for hospital admission of 3/27/03 through 4/2/03, reduced or denied on the basis of “A” – not preauthorized, “M” – reduced to fair and reasonable, “F” – per the Texas medical fee guideline and “U” – not medically necessary.

II. RATIONALE

During the respondent’s audit of the disputed services, the carrier improperly carved out the charges for the implantables, applied the per-diem (§134.401(c)(1)) and reimbursed the requestor a total of \$9,898.67. Per Rule 134.401 (c)(4)(A)(i) this action is allowed only when stop loss is not in effect with a total audited bill below \$40,000.00.

The requestor disputed only services from 3/27/03 through 4/2/03. However, pre-operative services, dated 3/26/03 were included in the bill. Since the 3/26/03 services were not included in the Table of Disputed Charges, the total for 3/26/03 (\$1,323.75) will not be included in the total disputed services.

Additionally, the hospital preauthorized only three days of services. The requestor did not dispute the dates preauthorized; therefore, services 3/30/03 and later will not be included in the services reviewed for this Decision. This reduces the total bill by \$6,057.08.

A letter, dated 4/27/04, from the requestor’s representative, stated they will withdraw Revenue Code “434” occupational therapy/evaluation denied on the basis of “U” – unnecessary medical treatment, reducing the total bill by \$180.75.

Audit reductions are made per Rule 133.1, 133.301 and 134.401. Per Rule 134.401 (c)(6)(v), “Audited charges are those charges which remain after a bill review by the insurance carrier has been performed.”

According to Rule 134.401 (b)(2)(A) all hospitals are required to bill usual and customary. The requestor billed usual and customary. The carrier’s audit (EOBs) and response failed to prove the requestor’s charges were not their usual and customary. Consequently, without the appropriate audits per §133.301 and 134.401, the total of these disputed/audited charges exceed \$40,000.00. The reduction of \$7,561.58 from withdrawal of disputed services, treatment not preauthorized and non-disputed pre-operative services also have the disputed services exceeding \$40,000.00.

According to Rule 134.401(c)(6), the services in dispute are to be reimbursed per the Stop-Loss Method. Stop-loss is an independent methodology established to ensure fair and reasonable compensation to the hospital for unusually costly services rendered during treatment to an injured worker. Rule 134.401(c)(6)(A)(i) states that to be eligible for stop-loss payment the total audited charges for a hospital admission must exceed \$40,000. The reimbursement for the entire audited admission shall be paid using a Stop-Loss Reimbursement Factor (SLRF) of 75%. The Stop-Loss Reimbursement Factor is multiplied by the total audited charges to determine the Workers Compensation Reimbursement Amount (WCRA) for the admission.

Rule 134.401(c)(6)(B) states the formula for calculating the appropriate reimbursement is:

Audited Charges x SLRF = WCRA.”

Using the Stop-Loss methodology, the total allowable WCRA for the audited charges is \$45,450.03 (\$68,161.63 / total charges less reductions (\$7,561.58) for ineligible services x 75%). The respondent paid \$9,898.67 of the total charges. Additional reimbursement in the amount of \$35,551.36 (\$45,450.03 / WCRA - \$9,898.67 / paid) is recommended.

III. DECISION & ORDER

Based upon the review of the disputed healthcare services within this request, the Division has determined that the requestor **is** entitled to reimbursement for hospital admission of 3/27/02 through 3/29/03. Pursuant to Sections 402.042, 413.016, 413.031, and 413.019 the Division hereby ORDERS the Respondent to remit **\$35,551.36** plus all accrued interest due at the time of payment to the Requestor within 20 days receipt of this Order.

The above Findings, Decision and Order are hereby issued this 22nd day of October, 2004.

Noel L. Beavers
Medical Dispute Resolution Officer
Medical Review Division

Allen McDonald, Director
Medical Review Division

AM/nlb